

# Smart Buyer's Tips

**Buying a Home?**

**Tips On How To  
Make a Smart  
Real Estate  
Investment.**

**Special Report Presented  
by**

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## **Buying a Home? Tips On How To Make a Smart Real Estate Investment.**

Almost everyone can picture their dream home down to the potting shed and white picket fence or twenty acres on a quiet country road. That's the emotional side of the home buying equation and is probably what will lead you to the want ads and Sunday drives in the country "just to look around".

**Before** you take that first emotional step into the home buying process you need to pay close attention to the business side of this important family investment. The more you prepare yourself and know what to expect, the less stressful and more enjoyable the whole home buying experience will be.

### **Avoid the "impulse" trap! Decide what features you WANT and what features you HAVE TO HAVE:**

- Type of home (i.e. condo, townhouse, duplex, single family dwelling).
- Single level or multiple level home – may depend on mobility issues or small children.
- Number of bathrooms and bedrooms – plan ahead, do you need room for an expanding family?
- Proximity to schools, work or leisure activities – of more importance if transportation is an issue.
- Privacy of yard – provides a secure place for children (or Rover) to play and prevents the neighbors from looking right into your pool or hot tub.
- Layout of kitchen – close & cozy for convenience or large & roomy for big family dinners.
- Location of bedrooms in relation to more active areas of the house – keep in mind that small children are usually early birds and teens are often night owls, you might have a happier home if the two are kept separate.
- Parking availability for your vehicles (including any recreation vehicles you may have) and also those of friends or family who will be coming to visit,
- Other features such as fireplace, fenced yard, and natural lighting

### **Check out the neighborhood – does it suit your lifestyle?**

- Housing density – do you need a home where the buffalo roam? Or do you like to see your neighbors across the backyard fence?
- Type of neighbours – will you fit into a retirement community or a neighborhood with young families? This detail is almost as important as the home itself!
- Future construction or development in the neighbourhood – are they building a mall or apartment complex down the road? It may affect property values in the future, and think of the noise and traffic, is it worth it?
- Future trends in the neighbourhood - is the value going to increase or decrease according to the nature of the growing or declining neighbourhood? Your real estate agent should be able to advise you.
- Crime rate – check out the neighborhood with local law enforcement agencies.

- Traffic patterns – is it a busy road, a major connector or a slower dead end street? Spend some time on the street and see traffic use for yourself

**Assess your financial situation** - visit your lender before you start looking and get details on your “borrowing” situation.

- Confirm that your lender will be willing to loan you the money. You can even get “pre-approved” or “pre-qualified” for a maximum amount and that will help to convince the seller of your dream home that you are a serious buyer and not just a looky-loo.
- Define your price range – you don’t want to waste time looking at homes you can’t afford. Take note: you may not want to borrow the full amount your lender is willing to lend you. Some people prefer to enjoy a carefree lifestyle rather than being “house poor” and burdened with a maximum mortgage.
- Lenders usually want to lend you the money and will help you be creative with your income, finding money you didn’t think you had and figuring out how much you need for a down payment.
- When assessing your financial situation, you may want to consider consolidating some of your other debts (car loans, credit card debt, etc). Your lender can advise you.
- Is this your first home? First time homebuyers sometime get deals or breaks on some costs that previous homeowners do not. Check with your real estate agent or your lender for more information.

**Expect the unexpected– you’ll need more than just the down payment to close the deal!**

Do you have enough “extra” money to cover unexpected costs? This often-overlooked detail has sunk many a good deal. Consider arranging a line of credit if you don’t already have one. It will give you the peace of mind that you can afford any unexpected expenses when they come up. A Buyers Agent can alert you to expenses associated with buying your home that go beyond the down payment:

- sales tax (if it is a new house)
- appliances
- property taxes
- cost for property survey and building inspection
- house insurance
- additional life insurance
- lawyer/notary fees
- appraisal & inspection fees (maybe, this is negotiable)
- government fees
- home warranty fees
- condo fees
- loan fees

(See our Special Report on “Buyers Closing Costs” for more detailed information)

You will need to finance any renovations you want to do when you move in and any additional furniture you will need to properly furnish your new home. Experience indicates the more money you have on hand, the better. Your real estate agent will be able to help you estimate all those costs.

### **Tips for the trenches - how to find your dream home without losing your shirt.**

1. **You're not an expert, do you want one to help you?** Consider getting a real estate agent, known as a "Buyers Agent", to assist you. This definitely makes your searching more efficient and may not cost you, the buyer, anything. An agent will not only help you streamline your search for the perfect home (finding homes that match your criteria, making appointments for viewing etc.) but they will also help you navigate through the process of making offers and counter-offers and will be there to make sure the closing goes through smoothly, including getting the house keys for you (you'd be surprised how often this little detail gets overlooked!).
2. **Do you have the time to "go it alone"?** If you prefer to go house hunting without an agent working for you, you will have to do a lot of homework to make sure you know what you can expect for your price range, what a reasonable offer would be and what terms to include in your offer. A mistake here can be costly.
3. **Banks are not your only source of funds!** Mortgage brokers can simplify things for you when you're searching for the right mortgage. This is another instance when a "Buyers Agent" can offer invaluable advice.
4. **The "biggest and best" house on the block is not always the best investment!** In general, most real estate professionals will advise you not to buy the best house in the neighborhood. That's because a house will always be judged by its neighborhood and if you buy the "best" house then the rest of the neighborhood is never good enough! Typically, the most modest house in the neighborhood will afford the greatest return.
5. **Look at homes IN YOUR PRICE RANGE!** Don't let your real estate agent or your curiosity lead you into homes that you can't afford. You will inevitably see something in a more expensive home that you like and then may end up dissatisfied with the quality of home that fits your budget. And you certainly don't want to over extend yourself financially.
6. **Don't forget to keep the resale value in mind.** Even though you haven't moved in yet you should keep the re-saleability of a potential home in mind. If it has peculiar features that you think you can live with, others may not agree and it may prove to be more difficult to sell when it comes time for you to move on. Your agent can give you invaluable advice here.
7. **Don't buy the first home that you see!** Even if a house gets bought out from under you, don't despair; chances are that there will be other homes out there that will be just as suitable for you. It's a big decision so don't feel pressured to jump before you're ready.
8. **Get an inspection.** Any offer you make on a house should be contingent on a building inspection by an inspector you choose yourself. It will not only make

sure you know what you are buying, but it will also help you make your purchase with confidence.

9. **Do you need more life insurance?** You will want to consider adjusting your life insurance when you purchase your home. Many financial institutions will offer you life insurance on your mortgage, which will cover the balance of your mortgage if anything should happen to you or your partner. However this insurance only covers the cost of the remaining mortgage and once the mortgage is paid off you're left with nothing, which may be just what you want. But if you're looking for additional insurance to cover funeral costs or to help your family after you're gone, then you may want to opt for more standard life insurance, which does not increase in value as you pay off your house but leaves you with a policy when all is said and done. Consult a professional.
10. **Ask some one who has "been there".** Talk with friends or acquaintances that have recently purchased a home. What did they go through? What advice can they offer to you? What would they do differently the next time around?

### **In Conclusion:**

**Take your time and arm yourself with information.** Buying a home is an emotional process as well as a financial one. Be patient with the process and expect the unexpected or consult a Buyers Agent and work with a professional who knows what to expect. The right attitude will help make buying a home an exciting and pleasant experience.

### **Additional Information:**

#### **Here are some other Special Reports you may want to consider:**

1. Buyer's Agent – Do you need a Buyer's Agent to buy a home? You bet!
2. Buyer's Closing Costs - What will it really cost you to buy that home?
3. Buying Your First Home? – Money isn't everything!

#### **Web sites that may be useful to you:**

4. <http://www.homebuyerpower.com/powerful/index.asp>

“Be it ever so humble there's no place like home.” J. Howard Payne